



United States Department of the Interior



BUREAU OF RECLAMATION
Pacific Northwest Region
1150 North Curtis Road, Suite 100
Boise, Idaho 83706-1234

IN REPLY REFER TO:

PN-6519
ENV.1.00

AUG 10 2006

Subject: Proposed Milltown Hill Project, Douglas County, Oregon

Ladies and Gentlemen:

The Bureau of Reclamation (Reclamation) seeks your comments on Douglas County's proposed Milltown Hill Project.

The County has reactivated its application for loan and grant funding under the Bureau of Reclamation's Small Reclamation Projects Act loan program. This application was approved in 1994 after completion of a 1992 Environmental Impact Statement and Record of Decision, but the project was never constructed.

Because of the length of time since the original EIS was completed and the Record of Decision signed, and changes in the information contained in the 1992 EIS, a Supplemental EIS will be prepared. Information in the 1992 EIS will be evaluated to determine if it still adequately describes the affected environment and environmental consequences of the project and the information will be updated and supplemented as needed.

Reclamation is interested in hearing about environmental effects and concerns associated with the proposed project, or other feasible alternatives that you believe should be considered. Your input will help to identify issues that should be addressed in the Supplemental EIS.

Written comments will be accepted through September 8, 2006. Additional opportunities for comment will be provided when the draft Supplemental EIS is distributed for public review.

Thank you for your interest in this important process.

Sincerely,

Robert Hamilton
Regional Loan Engineer

Enclosure

**BUREAU OF RECLAMATION
Pacific Northwest Region
Boise, ID**

REQUEST FOR COMMENTS

**PROPOSED MILLTOWN HILL DAM PROJECT
DOUGLAS COUNTY, OREGON**

OVERVIEW OF PROPOSED PROJECT

Douglas County has recently requested that its Small Reclamation Projects Act loan and grant application for the proposed Milltown Hill Dam Project, approved in 1992, be re-activated. A final environmental impact statement (EIS), and subsequent Record of Decision (ROD) approving the project, were completed in 1992.

The major feature of the project is a 186-foot high roller-compacted concrete dam near Elkhead at approximately river mile 39.4. The dam would create a 24,143-acre-foot reservoir on Elk Creek, a tributary of the Umpqua River. The project dam, reservoir, and associated facilities would provide regulated flows of water for irrigation of up to 4,661 acres of arable lands; storage and distribution of water to the cities of Drain and Yoncalla, and the community of Rice Hill; allow for municipal expansion and industrial diversification; provide a reliable source of water for rural domestic use; provide opportunities to improve fish and wildlife habitat; improve water quality; provide new water-related recreational facilities; and provide limited flood control on Elk Creek in and near the City of Drain. A portion of the stored water would be released directly into Elk Creek to enhance water quality and anadromous fish habitat, and to meet the out of stream needs of municipal, industrial, and agricultural users. The remainder of the stored water would be released into a pipeline distribution system which would improve municipal, industrial, and irrigation water supplies to Scotts Valley and Yoncalla Valley, and provide an additional water supply for rural domestic use in these areas.

BACKGROUND INFORMATION

The project was not built following completion of the 1992 Milltown Hill Project Final EIS (1992 EIS) and ROD because the County did not want to provide fish passage facilities on the proposed dam and the State of Oregon did not have the capability to waive the requirement. Since then, the State of Oregon has passed legislation that allows for the waiver of fish passage facilities under certain circumstances. The possibility of building a dam without fish passage facilities allowed Douglas County to reconsider the project. As a result, in 1997 Douglas County again began discussing the proposed project with local, state, and federal agencies but ultimately decided to abandon the project because of the anticipated costs associated with fish mitigation required to offset impacts to fish of not providing fish passage facilities. This mitigation applied especially to

Umpqua River cutthroat trout that were protected under the Endangered Species Act (ESA) at that time. Umpqua River cutthroat trout have since been de-listed. Because of this, and because of continuing water needs in the northern part of the county, Douglas County has decided to reconsider the project. Douglas County believes that they can now provide adequate mitigation to offset impacts for a waiver of fish passage facilities because of the de-listing of the Umpqua River cutthroat trout

Because of the length of time since the 1992 EIS was completed and the Record of Decision was signed, and changes in the information contained in the 1992 EIS, a Supplemental EIS will be prepared. Information in the 1992 EIS will be evaluated to determine if it still adequately describes the affected environment and environmental consequences of the project and the information will be updated and supplemented as needed. Reclamation issued a Notice of Intent to develop a supplemental EIS in the *Federal Register* on July 20, 2006 (71 FR 41236).

NEED FOR PROJECT

The need for the project remains the same as described in the 1992 EIS: to fulfill a portion of the existing and projected water needs of urban and rural water users, and to provide for opportunities for industrial growth and economic diversification to offset decreases in the timber industry over the past several decades. In addition, the proposed project would provide a significant percentage of its storage (32%) for fish enhancement flows to Elk Creek during the summer and fall low flow times when flows in Elk Creek approach 1 cubic feet per second. These flows would be protected by an instream water right for over 39 miles as the water passes from the dam to the Umpqua River.

ISSUES AND CONCERNS

During Douglas County's initial evaluation of whether to reconsider the proposed project, no additional issues were identified that were not already considered in the 1992 EIS. In addition, new issues and concerns may be identified. The primary issues and concerns identified and addressed in the 1992 EIS concerned impacts on: Surface water quantity and quality; wetlands; wildlife habitat for Columbian white-tailed deer, bald eagle, and northern spotted owl; habitat for coastal cutthroat trout, Umpqua chub, and western pond turtle; cultural and archaeological resources; and proximity of the Elkhead Mercury Mine to the inundation area. At the time of the preparation of the 1992 EIS or during the subsequent permitting process, most issues were resolved. Douglas County received permits from the Oregon Division (now Department) of State Lands regarding wetland issues, and the Oregon Department of Environmental Quality for water quality issues. New applications will be made for these permits.

Following completion of the 1992 EIS, the coastal cutthroat trout was protected under the Endangered Species Act. The protection of the cutthroat trout under the Endangered Species Act required Douglas County to reconsider mitigation for this species since the proposed project had not been built. The National Marine Fisheries Service determined that the proposed project would likely jeopardize the continued existence of Umpqua

River cutthroat trout and result in the destruction and adverse modification of proposed critical habitat for this species. Their opinion also provided for a “reasonable and prudent alternative” to allow the Milltown Hill Dam project to be built. Subsequently, Douglas County decided that the cost of the mitigation and monitoring required by the reasonable and prudent alternative was too great a cost to the project.

Reclamation will re-evaluate the previous issues and concerns, consider the previous evaluations, and identify any new issues and concerns by consultation with the public, and local, state, and federal agencies as well as Native American tribes. At this time, no fish species are listed as protected under the Endangered Species Act and no new issues have been identified.

ALTERNATIVES

During the original alternative formulation, structural and non-structural alternatives for addressing water shortages were investigated. Non-structural alternatives included consideration of purchase of irrigation water and conservation activities to meet water needs. However it was determined that conservation would not satisfy the water needs and purchase would not allow diversification of the water employment base. The structural alternatives considered were ground water pumping, inter-basin transfers of water, and the siting of a dam in the Elk Creek drainage, either on a tributary or the main stem of Elk Creek. Inter-basin transfer of water and ground water pumping were not considered to be feasible because of inadequate water supply, institutional constraints, and high pumping costs. In addition, Douglas County considered approximately 4 dam sites on tributary streams and 11 dam sites of Elk Creek but, except for the proposed location of the dam site on Elk Creek, all other sites were eliminated because of inadequate water yield, insufficient reservoir capacity, inadequate geological conditions, or inundation of areas, such as Interstate Highway 5. The only alternatives evaluated in the 1992 EIS were the proposed project and the No Action alternative as required by the National Environmental Policy Act (NEPA). These are the alternatives that will be considered in the Supplemental EIS unless another feasible alternative is identified.

PUBLIC INVOLVEMENT

NEPA provides for public involvement in major federal actions. Opportunities for public input include this scoping request for comments, review of a draft Supplemental EIS, and a public hearing. At this time, scoping meetings are not planned. Reclamation is interested in hearing about environmental effects and concerns associated with the proposed project, or other feasible alternatives that you believe should be considered. Your input will help to identify issues that should be addressed in the Supplemental EIS.

If you are interested in learning more about the proposed project prior to issuance of the draft Supplemental EIS, you may review the 1992 EIS and ROD at the following website:

<http://www.usbr.gov/pn/programs/eis/milltown/index.html>

Paper copies and CDs of the 1992 EIS and ROD have been provided to the following entities for review opportunities:

Douglas County Library, 1036 S. E. Douglas Street, Roseburg, Oregon

Oakland Public Library, 637 Locust Street, Oakland, Oregon

Sutherlin Public Library, 210 East Central Street, Sutherlin, Oregon

Douglas County Library, Yoncalla Branch, 194 Birch Street, Yoncalla, Oregon

Drain Public Library 205 West A Street, Drain, Oregon

Umpqua Community College Library, 1140 Umpqua College Road, Roseburg, Oregon

Elkton Community Education Center, 15850 Highway 38, Elkton, Oregon

Comments may be submitted in the following ways:

1) Mail comments to Mr. Robert Hamilton, Regional Loan Engineer, Bureau of Reclamation, Pacific Northwest Region, 1150 N. Curtis Rd., Suite 100, Boise, Idaho 83706-1234. Please provide your name and address.

2) Comment via the Internet to Milltownhill@pn.usbr.gov. Please avoid the use of special characters and any form of encryption and also include your name and address in your Internet message.

Our practice is to make comments, including names, home addresses, home phone numbers, and email addresses of respondents, available for public review. Individual respondents may request that we withhold their names and/or home addresses, etc., but if you wish us to consider withholding this information you must state this prominently at the beginning of your comments. In addition, you must present a rationale for withholding his information. This rationale must demonstrate that disclosure would constitute a clearly unwarranted invasion of privacy. Unsupported assertions will not meet this burden. In the absence of exceptional, documentable circumstances, this information will be released. We will always make submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

Written comments will be accepted through September 8, 2006. If you wish to be removed from the mailing list for this project, please contact us by either method identified above for comments. If you have questions concerning the project you may contact Mr. Robert Hamilton at 208- 378-5087.